

Combined Annual Wage Reporting (CAWR) - Privacy Impact Assessment

PIA Approval Date: Nov. 30, 2007

System Overview

Combined Annual Wage Reporting (CAWR) is a document matching program that compares the Federal Income Tax (FIT) withheld, advance Earned Income Credit (EIC), Medicare wages, Social Security wages, and Social Security Tips reported to the IRS on Forms 941, 943, 944, 945, and Schedule H against that reported to the Social Security Administration (SSA) via Forms W-3 and the processed totals of the Forms W-2 and the FIT from Forms W-2G and Forms 1099-R.

System of Records Numbers

- Treasury/IRS 24.046, CADE Business Master File (BMF)
- Treasury/IRS 22.061, Individual Return Master File (IRMF)
- Treasury/IRS 24.047, Audit Underreporter Case File
- Treasury/IRS 36.003, General Personnel and Payroll Records
- Treasury/IRS 34.037 IRS Audit Trail and Security Records System

Data in the System

1. Describe the information (data elements and fields) available in the system in the following categories:

- A. Taxpayer information (Employer Identification Number (EIN), Taxpayer Name), as well as all data fields, are provided on Forms 941, 943, 944, 945, schedules H, Forms 1099-R, W-2G, W-3, W-3c, W-2, and W-2c.
- B. Name, work schedule, assignment numbers, work address and Employee Profile.
- C. The system CAWR resides on collects the employee log-in information.
- D. Business Master File (BMF) information from Forms 941, 943, 944, 945, Schedules H, Forms 1099-R, W-2G, W-3, W-3c, W-2, and W-2c, as well as various Compliance Indicators, Document Locators, Document Locator Numbers, Microfilm Sequence Numbers and Prior Year Indicators.

2. Describe/identify which data elements are obtained from files, databases, individuals, or any other sources.

- A. Taxpayer information is provided from Automated Underreporter (AUR), Customer Account Data Engine (CADE) Business Master File, and Information Returns Master File.
- B. Taxpayer information is provided on Forms 941, 943, 944, 945, schedules H, Forms 1099-R, W-2G, W-3, W-3c, W-2, and W-2c filed by the taxpayer.
- C. Name, work schedule, assignment numbers, work address and Employee Profile. The Employee Profile is the general term for user's permissions. It states which screens and actions the user has access and rights to.
- D. Social Security Administration (SSA)- EIN, Tax Period, and money amounts for wages, TIPS, and tax withheld.
- E. No State or Local Agencies provide data for CAWR.
- F. No Other third party sources provide data for CAWR.

3. Is each data item required for the business purpose of the system? Explain.

Each data item is required to reconcile the amount of Income Tax reported and paid, Federal Income Tax withheld, advance Earned Income Credit (EIC), Medicare wages, and Social Security wages reported to the IRS, against that reported to the Social Security Administration.

4. How will each data item be verified for accuracy, timeliness, and completeness?

Manual intervention by using research tools available and information provided by the taxpayer is used to verify each item for accuracy, timeliness, and completeness as well as weekly master file updates to the system.

5. Is there another source for the data?

No.

6. Generally, how will data be retrieved by the user?

Data is generally retrieved by the EIN and tax year.

7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?

Yes, data can be reviewed by EIN. CAWR does not contain SSNs. EINS only. CAWR deals with the employer (BMF), not the employee Individual Master File (IMF).

Access to the Data

8. Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others)?

Users, managers, Coordinators, System Administrators, Developers, and N.O. Program Analysts will have access to the data. Access to the data is determined by the manager based on a user's position and need-to-know.

9. How is access to the data by a user determined and by whom?

Access to the data is determined by the manager based on a user's position and need-to-know. Each user must submit an approved, completed On-Line Form 5081, Information System User Registration/Change Request to request access. A user's access to the data terminates when it is no longer required. Criteria, procedures, controls, and responsibilities regarding access are documented in the Information Systems Security Rules on Form 5081.

10. Do other IRS systems provide, receive, or share data in the system?

Yes, CADE (Schedule H); BMF (F 941, 943, 944, 945, F 1041 Schedule H, Status Codes, and F 6209); AUR (Payer Agent Listing (PAL)); and Information Reporting Program (IRP) (W-2, F 1099R, and W-2G) provide data to CAWR. CAWR provides account adjustment data to CADE BMF.

11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?

CADE is in the PIA /Security Certification process for each milestone. AUR and IRP have Security Certifications and approved PIAs.

12. Will other agencies provide, receive, or share data in any form with this system?

No, data received from SSA goes through the CADE BMF and is passed to this system.

Administrative Controls of Data

13. What are the procedures for eliminating the data at the end of the retention period?

Procedures for eliminating data at the end of the retention period is found in OMB Circular A-130 requirements as described in General Records Schedule (GRS) 20 (IRM 1.15.3, Chapter 20), *Electronic Records*, IRM 1.15.1, *Records Administration Handbook*, and IRM 1.15.2, *Records Disposition Handbook*. Data is maintained for three years and then systemically deleted.

14. Will this system use technology in a new way?

No.

15. Will this system be used to identify or locate individuals or groups? If so, describe the business purpose for this capability.

The system will be used to identify taxpayers who have discrepancies between amounts reported on information returns and tax returns filed. The business purpose of the system is compare the annual wages and taxes reported by businesses on Forms W-2 and W-3 against the reported amounts on tax returns filed with the IRS.

16. Will this system provide the capability to monitor individuals or groups?

The system is used to compare the annual wages and taxes reported by businesses on Forms W-2 and W-3 against the reported amounts on tax returns filed with the IRS. Controls for privacy include an audit trail to detect unauthorized access and monitoring. IRS employees are required to take annual information protection briefings to protect privacy.

17. Can use of the system allow IRS to treat taxpayers, employees, or others, differently?

The application is designed to facilitate a required manual process. There is no disparate treatment of individuals or groups.

18. Does the system ensure "due process" by allowing affected parties to respond to any negative determination, prior to final action?

Weekly updates from CADE BMF are reviewed and loaded into the system. Taxpayers are contacted to explain discrepancies identified in the program and information provided by the taxpayers is included. Taxpayers can respond to any negative determination prior to final action.

19. If the system is Web-based, does it use persistent cookies or other tracking devices to identify Web visitors?

The system is not Web-based.

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